GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4202
ANSWERED ON:15.12.2000
INDUSTRIALLY BACKWARD AREAS
YOGI ADITYANATH

Will the Minister of FINANCE be pleased to state:

(a) whether any Committee was constituted to identify industrially backward areas;

(b) if so, the details thereof; and

(c) the action taken by the Government for the implementation of the recommendation of the report?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(GINGEE N. RAMACHANDRAN)

(a) & (b): Yes, Sir. As a consequence of the amendment in section 80IA of the Income-tax Act bythe Finance Act, 1994, Government constituted a Study Group on 17th May, 1994 to lay down the guidelines for identifying backward districts. It submitted its report on 4th October, 1994 and identified 114 districts of the country to be industrially backward. As the Government found that the list of 114 districts represented more or less 1/3rd of the districts, the Government constituted another Group for the purposes of identification of backward districts.

(c) On the basis of reports of the study group and the review group, the Central Government decided thatindustrially backward districts should be classified into two categories i.e., Category-A and Category-B. Provisions of the Income-tax Act and the Rules thereunder have been amended to provide a five year tax holiday to industrial units set up in Category-A and three year tax holiday to those set up in Category-B districts. Units in both categories enjoy a further deduction of 25% of their profits (30% in case of companies) from their taxable income for another five years. (Relevant notifications No.635(E)dt. 3.9.97, No.713(E) dt. 7.10.97 and 714(E) dt. 7.10.97 on industrially backward districts have been tabled in both Houses of Parliament.)